

# ***NEWS RELEASE***

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***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Immediate Release***

**NEWS RELEASE SUMMARY** - March 6, 2006

United States Attorney Carol C. Lam announced that Richard H. Kelly was ordered today to serve a 10-month sentence by United States District Court Judge Barry Ted Moskowitz in federal district court in San Diego. Kelly, owner of Wobegon Enterprises, Inc., an insurance sales company, was sentenced on one count of tax evasion related to his role in substantially understating both personal and corporate taxable income by diverting corporate revenues into his personal bank accounts and by making false entries on the books and records of his company to conceal commission income. Kelly was sentenced to serve five months in custody, five months in a community confinement center, and three years of supervised release, and ordered to pay \$78,081.64 to the Internal Revenue Service, and to pay a \$100 special assessment.

According to the plea agreement, Kelly filed with the Internal Revenue Service a U.S. Individual Income Tax Return, Form 1040, for tax year 1997, in which he willfully evaded the true income tax due and owing for tax year 1997 by failing to report commission checks and other payments constituting income of \$111,627, thereby evading the payment of \$29,872 in income tax. Kelly continued to divert corporate

revenues into his personal bank accounts and to make false entries in company books and records during the years 1997 to 2000, knowing that he understated \$355,016 in personal and corporate taxable income and \$78,081.64 in personal and corporate income tax due and owing for the years 1997 to 2000.

United States Attorney Lam said, "Some tax evaders don't think they will ever go to jail, but they do. And they should, because they are taking advantage of honest taxpayers."

Kenneth J. Hines, Special Agent-in-Charge, Criminal Investigation, San Diego, stated: "Tax laws apply to all entities, whether individual or corporate, and IRS Special Agents are committed to investigating those who intentionally conceal income and evade taxes. Today's sentencing demonstrates to all honest taxpayers that they should not have to assume the burden for those individuals who choose to cheat the Government."

## **DEFENDANT**

Richard H. Kelly

## **SUMMARY OF CHARGES**

Tax Evasion in violation of Title 26, United States Code, Section 7201

Maximum penalty is five years in prison and fine not to exceed \$100,000

## **AGENCY**

Internal Revenue Service - Criminal Investigation